



**Testimony in Conditional Support of  
LD 1837, Resolve, Regarding Legislative Review of Chapter 1: Adult Use  
Marijuana, a Late-filed Major Substantive Rule of the Department of  
Administrative and Financial Services, Office of Marijuana Policy  
Joint Standing Committee on Veterans and Legal Affairs  
June 10, 2019**

Senator Luchini, Representative Schneck, and Members of the Veterans and Legal Affairs Committee,

My name is Patricia Rosi, and I am the CEO of the Wellness Connection of Maine. WCM operates four of the State's eight medical marijuana dispensaries under the Medical Use of Marijuana Program, which includes retail operations in Portland, Bath, Gardiner, and Brewer, a cultivation and processing facility in Auburn, and a commercial kitchen at the Gardiner facility. We employ over 80 people, pay well, and have a generous and competitive benefits package.

Originally, in a very competitive RFP process in 2010, WCM received the opportunity to operate four of the dispensaries. We have been coming to the Legislature for a very long time and working closely with your members. Over the years, we have consistently asked the Maine Legislature, session after session, to raise the bar on the medical marijuana program to a level that is best for the public health and welfare for the people of Maine.

We also worked very closely with the Marijuana Legalization Implementation Committee to craft an adult use program that would continue to accomplish the goals that we have been promoting in the medical program. For the most part, we were satisfied with LD 1719 from last session, which implemented the adult use program.

We want to thank the Office of Marijuana Policy for succeeding in a very short period of time, where the last Administration failed, in beginning to build necessary administrative infrastructure and drafting these proposed rules. However, it is crucial that further changes are made to the rules to ensure clarity of implementation, enforcement, and speed of deployment, and we can only support the rules if these changes are made.

**1. Residency**

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Portland, ME 04102

221 Dirigo Drive  
Brewer, ME 04412

67 Centre Street  
Bath, ME 04530

31 Maine Avenue  
Gardiner, ME 04345

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As you will hear in more detail, we are willing to work with the straight forward residency requirements in the statute, which may themselves be unconstitutional. However, these rules have gone well beyond the statute and threaten our ability to continue to serve Maine people and to continue to raise the bar regarding public welfare and safety.

In the beginning, it was very challenging finding investors who were willing to invest in the production and sale of a federally illegal product, while not receiving any equity in the project, as we were required to operate as a mutual benefit nonprofit corporation. As a result, WCM has operated for years in Maine, working with out of state investors, utilizing financing and consulting contracts – all approved by the State.

Without greater clarity in the rules, especially around the residency requirements, applicants and regulators alike will be at an incredible disadvantage in trying to interpret the rules in a consistent manner. Combine that with the unfettered discretion that the OMP has reserved for itself in the rules, and entities with out of state investment will never be secure in their license and investments. The OMP could step in at any time “until it is convinced that Maine residents control its operations,” and the underlying statute does not even reference “control” – only “ownership.”

The following are two specific examples of provisions in the rules rules that will only increase the burdens of operating a marijuana establishment.

## **2. Sales and Excise Tax Identification Numbers and License Numbers**

Section 2.6.3(A) of the proposed rules seem to require medical marijuana dispensaries, which presently hold separate licenses for each separate location, to also maintain separate sales and excise tax identification numbers for each medical dispensary, each adult use location, and any cultivation and manufacturing facilities. That would, for example, mean that WCM, which currently holds four dispensary licenses, would need to create four separate legal entities in order to obtain these four separate tax identification numbers. It would also need entities for its cultivation and manufacturing facilities. In addition, if WCM were to co-locate an adult use location at each of its existing medical dispensaries, it would need another four entities for a total of 11 entities. WCM currently has one legal entity. Requiring ten new entities to obtain ten new tax ID numbers would



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be a significant administrative and financial burden and there seems to be very little to be gained from this new layer of bureaucracy. If the intent is transparency, it can be achieved with filing at a corporate level with reporting or audit requirements.

In addition, the requirement to include a facility license number on all advertising is confusing. If for example, WCM held eleven licenses, it would be required to include eleven license numbers on all advertisements. This seems excessive.

### **3. Hours of Operation**

The requirement that a marijuana establishment provide to the department in its operating plan of record particular hours of operation provides insufficient flexibility for the establishment to react to the many dynamics in the cannabis industry. In particular, in Section 3.6.6 of the Rules, there is a long list of prohibited activities for cultivation facilities outside of the hours of operation, including harvesting mature plants and moving plants from one area of the premises to another. Additionally, in Section 3.9.1, there are limitations on what can be done during a marijuana store's hours of operations (either set forth in its operating plan or from 7 AM to 10 PM). Some of these prohibitions of activities include disposal of marijuana waste and the performance of cleaning and maintenance. These are activities that may need to be scheduled in the middle of the night, and the establishment will need the flexibility to be able to run its business in this manner. The OMP responded to these concerns by increasing the night hours to 10 PM, but that is not sufficient.

Thank you for considering these amendments to the rules. Although the rules regarding tax identification numbers and hours of operations are unnecessarily burdensome, we believe the improper elaboration of the residency requirements of an already constitutionally suspect statute, threaten our very existence. WCM and other Maine entities in this market have operated for years working with out of state investors, and we have a stronger industry as a result. Please make the necessary changes and allow this adult use program to finally come into existence without further delay.